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December 10, 2009 **PUCO**

Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215

RE: *In the Matter of the Fuel Adjustments Clauses for Columbus Southern Power Company and Ohio Power Company, Case Nos. 09-872-EL-FAC and 09-873-EL-FAC.*

In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Modify Their Standard Service Offer Rates, Case No. 09-1906-EL-ATA.

Dear Docketing Division:

Enclosed please find Staff's Review and Recommendation in regard to the applications of Columbus Southern Power Company and Ohio Power Company regarding their Fuel Adjustment Clauses and Standard Service Offer Rates.

Sincerely,

Robert B. Fortney
Chief, Rates & Tariffs, Energy & Water Division
Public Utilities Commission of Ohio

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.

Enclosure

Date Processed 12/10/09

**Columbus Southern Power Company
Ohio Power Company**

**Case No. 09-872-EL-FAC
Case No. 09-873-EL-FAC
Case No. 09-1906-EL-ATA**

Summary of Filings

On December 1, 2009, in Case Nos. 09-872-EL-FAC and 09-873-EL-FAC, the AEP operating companies submitted for Commission review their quarterly Fuel Adjustment Clause (FAC) Riders and supporting workpapers for the first quarter of 2010. On December 3, 2009, in Case No.09-1906-EL-ATA, the companies submitted proposed tariffs which reflect a decrease in their non-FAC generation rates which, in conjunction with the proposed FAC rates, purport to reflect the percent increases permitted by the Commission in the companies' ESP cases, 08-917-EL-SSO and 09-918-EL-SSO.

The Commission authorized 2010 rate increases of 6 percent for Columbus Southern Power (CSP) and 7 percent for Ohio Power (OP).

Staff reviewed and verified the supporting documentation submitted with the applications in Case Nos. 09-872-EL-FAC, 09-873-EL-FAC and 09-1906-EL-ATA.

Staff's Recommendations

It is staff's understanding that the limitations in rate increases ordered by the Commission are to be applied on a customer class basis. In, other words, individual customers, depending on their load and usage, may see increases in their bills which are greater than or less than the 6 percent cap for CSP and the 7 percent cap for OP. However, the annual increases in revenues, per customer class, must not exceed those caps.

It is also important to note that the adjusted FAC rates (from Case Nos. 09-872 and 09-873) must be viewed in conjunction with the adjusted non-FAC generation rates (from Case No.09-1906-EL-ATA) in order to determine whether the proposed rates comply with the Commission's ESP orders. However, all FAC costs are subject to the annual fuel audit process established by the Commission's entry issued on November 18, 2009, in Case Nos. 09-872-EL-FAC and 09-873-EL-FAC. The findings of that audit may result in a future reconciliation adjustment in both FAC and non-FAC rates.

The staff finds that the rates proposed in the applications provide for increases no greater than those authorized by the Commission and recommends that the applications be approved and the proposed rates be effective on a bills rendered basis beginning the first billing cycle of 2010.